

S-E-C-R-E-T

CONTENTS

Chapter I - The Office of Research and Reports (ORR)

Annexes

1. Development of ORR Organization
2. Personnel - On Duty and Turnover
3. ORR T/O and Personnel on Duty by Activity
4. ORR Training
5. Consultants under Contract, by Category
6. ORR Projects Published or Otherwise Disseminated
7. Overseas Positions
8. ORR Total Expenditures by FY
9. ORR Activity Expenditure by FY
10. Costs to CIA of Support to the MIS Program by Other Government Agencies

Chapter II - The Economic Research Area

Annexes

1. Production for Economic Support, by Requester, 1 January 1951 - 30 June 1954
2. Reports Disseminated, 1 January 1951 - 30 June 1954

25X1B4d

Chapter III -

Annexes

- 1.
- 2.
- 3.
- 4.

25X1B4d

Chapter IV - Economic Defense Support

Annexes

1. Intelligence Support for Economic Defense (Organization Chart)
2. Support Project Production, by Requester, 1 January 1951 - 30 June 1954

S-E-C-R-E-T

S-E-C-R-E-T

Chapter V - The Economic Intelligence Committee

Annexes

1. Production and Special Activities, FY 1951/52
2. Production and Special Activities, FY 1952/53
3. Production and Special Activities, FY 1953/54
4. Organization Chart of the EIC

Chapter VI - The Geographic Research Area

Annexes

1. Cartography Division, Total Production, FY 1951-54
2. Geography Division, Report Production by Requester, 1 January 1951 - 30 June 1954
3. Map Procurement by Calendar Year, 1951 - 30 June 1954
4. Photo-Intelligence Division, Project Summary, FY 1953-54

Chapter VII - The MIS Program

Annexes

1. MIS Control and Coordination
2. MIS Production Flow
3. Outline of MIS Requirements
4. MIS Coordinators and Contributors
5. Contributor Production Record
6. Cumulated Production Record
7. Cumulated Production of Gazetteers
8. Status of MIS Production, by Area, 30 June 1954

S-E-C-R-E-T

S-E-C-R-E-T

Chapter I

The Office of Research and Reports (ORR)

S-E-C-R-E-T

OFFICE OF RESEARCH AND REPORTSI. Brief of Present Organizational Structure of ORR

The Office of Research and Reports (ORR) is one of the major intelligence components reporting to the Deputy Director/Intelligence. Its assigned mission is threefold: production of economic intelligence on the Soviet Bloc; production of geographic intelligence on all areas outside the U.S.; and coordination of intelligence among Federal departments and agencies in these specific economic and geographic fields and for the National Intelligence Surveys program. The intelligence-production parts of this mission involve not only basic research and publications of results but also research in direct support of National Intelligence Estimates, other CIA offices, and other Government units.

The Assistant Director directs the over-all programming and conduct of economic and geographic research and intelligence production and guides the interagency coordinating activities that have been entrusted to this Office. He is chairman of the interagency Economic Intelligence Committee and CIA representative on the Economic Defense Advisory Committee. The Assistant Director receives staff support from: the Administrative Staff, which provides advice to the Assistant Director and support to all components on administrative matters; the Intelligence Information Staff, which is responsible for providing needed information to all components of ORR; and the Projects Control Staff, which advises on the status of intelligence production within the Office, maintains production records, and insures that dissemination of finished intelligence produced by this Office and by the EIC conforms with existing regulations and policies.

The Chief, Coordination, is responsible for directing the activities of the EIC Secretariat, Basic Division, and Economic Defense Division, and the Techniques and Methods Division. He serves as Vice Chairman of the EIC and as CIA representative on the Executive Committee of the Economic Defense Advisory Committee. The EIC Secretariat consolidates the views of the EIC member agencies on economic matters referred to this committee, and conducts surveys of economic intelligence productions, facilities, and programs. The Basic Intelligence Division is responsible for administering the NIS program as prescribed by NSCID-3, and for reviewing, editing, and arranging for publication of the NIS. The Economic Defense Division provides intelligence needed by agencies of the U.S. Government charged with administration of economic-defense policy and operations. The Techniques and Methods Division undertakes field exploitation of Soviet Bloc equipment and produces intelligence based on the study of factory markings and related documentary material.

The Chief, Economic Research, is responsible for that part of the ORR mission concerned with production of economic intelligence on the Soviet Bloc. The Area's mission includes both basic research and projects in support of other CIA offices and of interagency groups. The Area includes the Chief's office and immediately supporting staffs, and four operating divisions. The Analysis Division produces aggregative all-source economic intelligence in collaboration with other divisions. The Industrial Division studies the engineering and metal-working industries of the Soviet Bloc. The Materials Division concerns itself primarily with production and processing of raw materials and with semifinished and finished light-industry products. The Services Division is responsible for providing intelligence on the organization and service aspects of the Bloc economy. The various branches of the Industrial, Materials, and Services Divisions are organized to conform, in so far as practical, with the ministerial structure of the Soviet Union.

The Chief, Geographic Research, is responsible for the development, programming, and production of geographic research, mapping intelligence, special cartographic and graphics production, photo intelligence and interpretation, for coordinating foreign map procurement, and for maintenance of a map reference service. These programs and services are carried out by the four component divisions of the Area: Cartography Division provides cartographic and graphic support to finished intelligence production, high-level briefings, and covert operations. The Geography Division is responsible for providing

scientific and economic intelligence production, the Strategic Air Command, and the National Intelligence Survey Program. The Map Library Division maintains current world-wide coverage of foreign special-subject maps and strategic map series for use by CIA and other intelligence agencies. The Photo Intelligence Division provides photographic-intelligence support for intelligence activities of the Agency, trains analysts in better utilization of photographic information, and develops improved photo-intelligence techniques.

II. Organizational Concepts

The establishment of ORR resulted from the break up, in late 1950, of the Office of Reports and Estimates (ORE). The Dulles-Jackson Correa Report of January 1949 recommended that a component be created out of ORE to accomplish central research in intelligence in fields of common interest, such as economic and scientific and technological intelligence. The Office of Scientific Intelligence (OSI) was being created as the Report was written, which answered part of the problem.

The Office of National Estimates (ONE) was born out of ORE prior to ORE's redesignation as the Office of Research and Reports (ORR) in October 1950. In November 1950, a group of analysts were taken from ORR to form the Office of Current Intelligence (OCI). The Assistant Director for Research and Reports (AD/RR) was instructed to develop capabilities in economic intelligence production in addition to continuance of two well-defined and well-run operations formerly within ORE: namely, the coordination and review of National Intelligence Surveys by the present Basic Division (See Chapter VII); and the geographic and cartography work within the Geographic Research Area. (See Chapter VI).

In January, 1951, the newly appointed Assistant Director/RR, in carrying out his responsibility for production and coordination of economic research, took effective action toward providing a reply to NSC Action 282 which asked the Director of Central Intelligence for a study of U.S. foreign economic intelligence in view of the need for improvement in that field. In May 1951, a report in reply to NSC 282

was furnished and resulted in NSCID-15. This document directed the CIA to perform certain coordination functions in the field of economic research, to conduct, as a service of common concern, certain foreign economic research; and to produce specified foreign economic intelligence. With these instructions, the economic research effort within ORR gained impetus.

The initial organization developed for ORR in January 1951 included the fully-established Basic Intelligence Division and the Geographic Division. The economic tasks were performed by four divisions (See Chapter II). Soon thereafter, a fifth economics division, concerned with the exploitation of special economic intelligence materials, was returned by OCI to ORR as the Strategic Division.

During the ensuing months the Assistant Director/RR and his immediate staffs provided the beginnings of an Economic Intelligence Committee's secretariat. After the issuance of IAC-D-22/1 (revised), he and those close to him spear-headed the very considerable interagency effort required in order to establish the Economic Intelligence Committee as a useful mechanization at a professional level. By then it had been recognized that the economic research in ORR, to be most effective, should be directed toward the study of the economies of the Soviet Bloc. For the ensuing year, the economic divisions worked hard to establish an adequate research base from which increasingly meaningful studies could be developed.


Sometime after the second Assistant Director/RR had assumed leadership of the Office, he instituted an organizational arrangement that

SECRET

greatly reduced the number of units reporting directly to him. The divisions were grouped into three Areas, the Geographic Division's branches were raised to divisional status, and a new Photo-Intelligence Division was established (see Annex 1). The economics divisions were placed under the Chief, Economic Research (This position was not filled until May 1953.); those conducting geographic and cartographic work were placed under the Chief, Geographic Research; and those having major coordinating responsibility in serving the community were placed under the Chief for Coordination. These changes were reflected on the organization chart issued in August 1952. Also reflected on this chart were the establishment of an EIC Secretariat office; the separation of the markings analysis work into a separate division (see Chapter III); and the placement of the intelligence support to the economic defense program within a new division within the Coordination Area (see Chapter IV).

There have been some staff unit changes since that time, but the only major change in this organization was made in September 1953, when the activities of the Strategic Division (D/Z) were merged with those of the other economic divisions in order to assure a truly all-source economic intelligence production capability for serving the community. The Techniques and Methods Division (D/T) was transferred on 2 August 1954 to the Coordination Area because of the interagency service it performs and its joint efforts with other IAC members in

25X1B4d



SECRET

III. Problems of Personnel

In December, 1950, only the Basic and Geographic Divisions remained relatively untouched by the dissolution of ORE. They also represented at that time more than half of the total on-duty strength of ORR. Elsewhere the Office organization was torn by internal dissension and morale was low. Many moved into other parts of the Agency. A small group, however, took aggressive action under the incoming Assistant Director/RR in order to define and attack the problems facing the Office in undertaking its economic research and coordinating responsibilities. The recruitment campaign was faced with strong outside competition. Nevertheless, the on-duty strength increased (See Annex 2). This augmentation was primarily in the economics divisions (See Annex 3). During Fiscal Year 1953, exceptional efforts were made to recruit against a large number of vacancies created by an expanded T/C, but this effort was only moderately successful. Economy measures resulted in a reduced ceiling, and even now vacancies still exist in spite of strenuous efforts to obtain qualified analysts.

The level of competence in ORR is now high and is being improved by extensive use of the Agency training program. During the first year of its existence, 3.4 percent of the total man-hours available were given to training. During the past fiscal year, 5.6 percent was so used. Nearly 50 percent of this training is to improve language ability, largely in Russian. (See Annex 4).

Throughout the development of the economic research and coordination activities of ORR, consultants of high reputation have been used to advise, either individually or groups, on planning problems, research techniques, technological developments and personnel recruitment. These contacts have been invaluable to the analysts (See Annex 5).

IV. Intelligence Production Trends

The quality of the economic intelligence of ORR has shown improvement as the experience and competence of the Economic Research Area's staff has been advanced. Total production, as measured by fiscal years, shows a rapid upward trend (See Annex 6). The economic projects reflect more fully the needs of the major consumers, such as ONE. Even in the Geographic Research Area, where there has been only slight augmentation of staff, the upward trend in production is marked. This in part results from the high priority given to numerous series of studies in support of operations and to photo-intelligence projects. During Fiscal Year 1953, an exceptionally large number of commodity studies were prepared by the Economic/Division, drawing heavily on the Economic Area, in providing intelligence support in the revision and review of export controls lists. During Fiscal Year 1954, it was possible to reduce this effort and direct more attention to the intelligence required for enforcement of trade controls.

The production of reports by the interagency efforts of the EIC and the NIS are detailed in Chapters V and VII.

Next 1 Page(s) In Document Exempt

25X1X7



Staff Functions Within ORR

There are several staffs and staff officers at various levels in ORR.

The Chief for Economic Research maintains staffs to coordinate production and review projects, edit manuscripts for publication, provide supporting liaison on current intelligence, and maintain liaison of special intelligence matters with appropriate components elsewhere. During the development of ORR, these staff functions were variously placed in the organizational scheme as need dictated.

In addition to his Executive and his Special Assistant, the Assistant Director/RR and the Office as a whole are served by three staffs, two of which are the Administrative and Project Control Staffs whose functions are largely self-evident.

The Intelligence Information Staff, however, developed originally from the drawing together, in January 1951, of functions formerly performed by other units in routing and controlling incoming documents, preparing collection requirements, obtaining evaluations of field reports

and arranging for briefings and debriefings of Government officials engaged in travel abroad.

This staff performs the essential task of assuring that OPR's requirements are properly coordinated, consolidated and processed for field collection. The Chief of the Intelligence Information Staff acts as Executive Secretary of the EIC Subcommittee on requirements and facilities for collation and members of his organization provide much of the staff support for this EIC subcommittee's activities. In particular the Outline of Peripheral Economic Requirements on the USSR and Satellites was largely developed in this Branch, which also assembles for the IAC agencies an intelligence contribution to each CERP (Comprehensive Economic Reporting Program) issued by the Department of State to the Foreign Service.

25X1X7



(IAC-D-59) and has recently been extended to the European Satellites.

In April 1953, in response to a request from the Department of State, the Chairman of the EIC assigned to St/I responsibility for providing guidance to the Economic Reporting of the Legation in Bucharest. The initial response was so good that similar support has been initiated for the other US diplomatic missions behind the curtain. There is a great deal of coordination among various CIA offices and with the Travel Coordinator, and the improvement in economic reporting is of direct benefit to all IAC members.

S-E-C-R-E-TOFFICE OF RESEARCH AND REPORTSCosts to CIA of Support to the MIS Program by other Government Agencies

	<u>FY 1951</u>	<u>FY 1952</u>	<u>FY 1953</u>	<u>FY 1954</u>
Dept. of State	\$940,000	\$1,415,850	\$1,783,207	\$1,729,025
Dept. of Agriculture	158,475	154,460	163,007	135,600
Dept. of the Interior	557,190	546,054	560,703	572,330
Government Printing Office (Printing of MIS material)	327,397	504,597	685,802	891,948

S-E-C-R-E-T

S-E-C-R-E-T

Chapter II

The Economic Research Area

S-E-C-R-E-T

THE ECONOMIC RESEARCH AREABackground

Economic research had not been particularly stressed in ORG; during the last year of that organization's life (1950) only 25 economic reports were issued, compared with 60 political reports. However, some economic analysis was performed in at least four of the ORG divisions. When ORG was formed late in 1950, and the economy of the Soviet Bloc was made a major intelligence target, a scheme of organization was developed around this nucleus. The great majority of the personnel made available to ORG for economic research by dissolution of ORG were not particularly well equipped to engage in meaningful research on the USSR in this field. However, with the invasion of South Korea in June of 1950 and mounting Soviet military expenditures, conflict between the Communist world and the West was greatly intensified. It was apparent that the "cold war" would last for many years and might become a hot war at any time. In either case, greatly increased knowledge of the Soviet economy - its war supporting potential, its relative mobilization, its growth capabilities - was clearly required in the national interest.

It was decided that the best initial organizational approach to the Soviet economy would be along functional lines. Furthermore, such skills as were available were primarily represented by functional or industrial specialists. Three functional divisions covering Materials, Industry, and Economic Services were therefore established. A fourth division was to be concerned with integrated economic analysis.

The Beginning of Economic Research

The true beginning of economic research on the Soviet Bloc economy in

SECRET

OIR began early in 1951. On January 15th of that year a new AD/IR was appointed. Under his leadership substantial progress was made as a result of his substantive competence, broad understanding of human problems, and a genuine talent for leadership.

The Substantive Task

With respect to the research program, an "inventory of ignorance" was undertaken. This inventory consisted of a series of reports in all important fields designed to summarize existing knowledge, point out critical gaps in this knowledge, and make comparisons between the Soviet and U.S. positions in these fields. These studies were not for publication, but were the first necessary positive step to guide a research program. They answered the problem, "what do we need to know about the Soviet Bloc economy?". After completion of these studies, the formulation of the first series of systematically chosen economic research projects was initiated.

The Human Resources

An intensive recruitment campaign for analysts was begun early in 1951. The AD/IR undertook to review the record of each prospective employee and to personally interview each candidate for grade GS-7 and above. A number of capable junior analysts were recruited, and the staffing of the operating divisions was improved both qualitatively and quantitatively. Training programs, particularly for languages, were instituted to improve the capabilities of personnel already on board. However, many of the personnel hired were functional specialists, selected to perform in a narrow research area. This was the case because there was some difficulty in convincing the functional specialists who made up the bulk of the original supervisory

personnel) that economists and others trained in social science research techniques could make a contribution to the analysis of specific commodities. There was strong outside competition for competent personnel and the lack of an established reputation for OER made it difficult to find competent senior analysts.

Organizational changes

One of the major early decisions was concerned with deciding on the size of organization needed to cope with the substantive task. To assist in making this decision, OER brought in a group of consultants representing top management in a number of American industries. They were fully briefed on the status of our knowledge of the Soviet economy, and informed of the problems of information gathering and source exploitation. Their report supported the urgent need for a large and systematic attack on the problem. They believed "two or three thousand" people would be needed to achieve the desired level of understanding of the economies of the Soviet Bloc obtainable by all-source research.

A second organizational decision concerned the exploitation of special material. Soon after the establishment of OER, a small group of analysts comprising the Strategic Division (D/Z) was acquired from OSI to operate a special materials wing (see OER Special Supplement). The AD/RB quickly recognized that D/Z should be a transitional organization; that after achieving a certain level of competence in all-source research and reporting, D/Z should be merged with the other divisions. Because it was designed for later dissolution, the internal organization of D/Z mirrored the remainder of the economic research area.

- 4 -

A third major organizational change was the split-up of the Economic Analysis Division. The remaining mission of this Division was conceived as being the integration of the various functional analyses produced elsewhere into aggregative studies of the economies of the Soviet Bloc. Project 6-51, initiated 27 April 1951, was the first office-wide intelligence report assigned. It covered the economic aspects of, "The European Satellite Power Complex", and was a contribution to NIS-33. Other early tasks of this Division were concerned with intelligence support to the economic defense program and with [REDACTED] The branches conducting these latter two activities became separate Divisions. Their activities are covered in other chapters of this report.

25X1X1

Results, 1951-1952

By early 1952, the economic divisions had made substantial progress in the establishment of a factual base for analysis of the Soviet economy; source development programs were well under way; the latest techniques of economic analysis were being applied to the problems, staffing of the organization was advancing, research standards had been raised, and good working relationships had been established with other US intelligence agencies [REDACTED]

On 17 March 1952, a new AD was appointed. Under his aggressive leadership substantial progress was made in the development of the economic research effort.^{1/} A broad research program was launched, devised to fill the major gaps in our knowledge of the Soviet Bloc economies. The recruitment drive was renewed and large numbers of people were brought on board.

^{1/} See CIA, OPR, "List of Reports and Other Papers Completed, 1 January 1952 - 31 December 1952" dated 23 February 1953.

SECRET

These included skilled economists and technicians as well as competent generalists.

Also during 1952 a major effort was begun on the economy of Communist China. It was now recognized as a source of tremendous potential strength for the economy of the Bloc and a survey requested of the EIC by CNE had pointed up the serious intelligence deficiencies in this area within the community.

Appointment of a Chief for Economic Research

Although it had long been provided on the T/O, the position of Chief of the Economic Research Area of ORR was not filled until May 1953. The filling of this position enabled more detailed planning and closer supervision of economic research than had been possible earlier. The developments of the past year are summarized below.

Organization for All-Source Research

While the concept of all-source intelligence had long been accepted, it had not been implemented. Virtually all research published by the Strategic Division was based on special materials while that of all other divisions was based on collateral information. Collateral information consists of all types of intelligence or information derived from any source other than special materials. The net result was that the Economic Area was producing separate and often conflicting reports, sometimes simultaneously, on the same subject. The organizational change made to eliminate this undesirable situation was to merge the counterpart units of D/Z with the appropriate units in other divisions. On paper this was easy, in fact it was difficult because the two groups had developed, over nearly three years, competitive attitudes which had resulted in mutual

SECRET

Sanitized - Approved For Release : CIA-RDP63-00314R000100350011-3

lack of understanding of each other's problems. Thus, the September 1953 merger took on aspects of a forced marriage. However, within a few months the organization was working more smoothly as the new partners gained a mutual respect for counterpart capabilities. There were also reorganizational adjustments within divisions to reflect the changes in certain Soviet Ministries and economic activities.

Personnel for Economic Research

A combination of factors which have been detailed above had lead to an imbalance of personnel between functional specialists and economists and others trained in social science research techniques. In many branches, there were ratios of 10 to 1 or higher favoring functional specialists. While one year's recruiting has not been sufficient to bring about a balance of personnel everywhere, substantial progress has been made.

Research Programming

The Fiscal Year 1954 research program was re-cast with emphasis on completing projects on schedule and allocating a substantial portion of available research time as a reserve to anticipate requests for support from users of ORR's economic intelligence production. A consumer survey was completed to determine what kind of economic intelligence is wanted by ORR customers and in what form this intelligence can be most effectively presented. Components of the Economic Area worked closely with the EIC members and the organizations they represented and participated in the activities of various EIC subcommittees, which made substantial progress in defining priority gaps in intelligence research ^{1/} and allocating

^{1/} See, for example, projects 25.191, "Crude Oil in Rumania", and 21.147, "1953 Food Situation in the Soviet Bloc", undertaken in ORR to fill EIC identified intelligence gaps.

SECRET

Sanitized - Approved For Release : CIA-RDP63-00314R000100350011-3

specific responsibility for filling those gaps. An average of about thirty intelligence officers were allocated to another government agency to undertake the exploitation of special economic material. This activity has been of direct benefit to the entire intelligence community. Current intelligence support to CIA's Office of Current Intelligence was intensified by scheduling a program of timely economic briefings and by submitting almost 300 Current Support Memoranda, many of which formed the basis for articles in OCI publications.

The results of gearing research to consumer needs means that, today, approximately two-thirds of the Economic Research Area effort is utilized to satisfy consumer needs. This compares with about one-third of the research effort so utilized 18 months ago. Further, the quantity of complete projects has increased sharply - over 90 percent of the FY 1954 research program was completed, compared with 17 percent of the previous program (see Annex 1). This has been done without sacrificing quality; in fact, quality has generally improved.

Intelligence Support Trends in ORR Economic Research

ORR is now the recognized major producer of economic intelligence on the Soviet Bloc. It satisfied the requirements of a wide variety of consumers both within the IAC community and, more broadly, within the government as a whole (see Annex 2).

The largest block of the available research time is allocated to the economic portions of National Intelligence Estimates. Each year a series of comprehensive NIEs are developed on the major countries of the Soviet Bloc for the use of the NSC and other high-level policy organizations (see Annex 1). As the NIE is the most authoritative intelligence appraisal within the U.S. Government, the economic portion of it must rest on the

SECRET

Sanitized - Approved For Release : CIA-RDP63-00314R000100350011-3

maximum possible research in depth. For example, the scope of the annual Soviet estimate developed in OER is as follows:

OER Contribution to Soviet Economic Capabilities, 1954-1960

The developments in the Soviet economic program during 1954 and the plans for 1955-60 are analyzed in terms of their impact on future Soviet economic capabilities. Individual chapters present (1) USSR and Soviet Bloc Social Accounts (gross national product), (2) major industrial, agricultural, and raw material production series, (3) the regional structure of Soviet production, (4) the human and material resources of the USSR, (5) the economic capability of the USSR for war, (6) the scale of living and consumer welfare, (7) the transportation network, and (8) Soviet foreign trade.

Similarly detailed studies are made on the European Satellites, North Korea, and on Communist China.^{1/} Because the NIEs are very brief documents, OER publishes its contribution in detail to serve the needs of those persons in the community who require more than a summary of conclusions. An example of another type of contribution to an NIE is exemplified in the economic contribution to NIE 11-6-54, which is to estimate Soviet Capabilities and Intentions in the field of Guided Missiles. This study represents an extensive analysis of missile system costs as well as of Soviet capabilities to produce and maintain various missile systems.

In much of the research carried out, OER works very closely with the other intelligence agencies, drawing on their capabilities to solve, mutually, intelligence problems of common interest. Usually these formal joint projects are carried out through the mechanism of the EIC. An example is the current EIC - P-6 project, Economic Capabilities of the Soviet Bloc to Support a General War, which is being undertaken at the request of the Joint Staff. In this study, the various military services furnished data on the probable Soviet force levels in war, postulated beginning

^{1/} See CIA, OER, "Research Program of the Economic Research Area for Fiscal Year 1955," dated 1 July 1954.

SECRET

Sanitized - Approved For Release : CIA-RDP63-00314R000100350011-3

- 9 -

1 July 1955 and also provided data on consumption of material by the armed forces. ORR then took these requirements, and is calculating the capability of the Soviet economy to provide the necessary war material while at the same time maintaining the minimum civilian consumption that would be necessary to support a war. Simultaneously, the Department of State is studying the economic accretions which could fall to the Soviets in the event they overrun certain territory and ORR is calculating their impact on Soviet capabilities.

A logical development, reflecting the economic research competence developed in ORR, was the recent assignment to ORR of responsibility for the production of Chapter VI of the National Intelligence Surveys on Soviet Bloc countries. During fiscal year 1956, ORR will produce 14 NIS sections covering various economic sectors of the USSR, East Germany, Albania, Bulgaria and Czechoslovakia. This development may be regarded as another milestone in a long range program, pointed to the fulfilling of ORR's economic research responsibilities to the intelligence community.

Internally within CIA, an increasingly important consumer has been
25X1C10b



The individual commodity analysts within ORR have been the principal source of intelligence on the Soviet Bloc required for East-West trade

- 10 -

control purposes. Many studies have been made over the past few years, analyzing the Soviet supply-requirement-stockpile position on individual commodities. During the 1954 COCOM discussions, ORR again produced a series of new, up-to-date factual analyses for trade control purposes.^{1/} This was followed up by sending analysts to London and Paris to assist the U. S. negotiators.

The Current Situation

Economic Research in ORR is now the primary concern of approximately 400 analysts. Their organization represents a wide range of skills in languages, social sciences, and technical fields. There are weak spots, particularly in the senior grades, but the general level of competence is high. A large fund of accurate knowledge of the economy of the Soviet Bloc has been accumulated. ORR has access to unique and indispensable primary sources of reliable information about the Soviet Bloc. It has a recognized position of leadership in the economic intelligence community and is exerting strong influence in equivalent parts [REDACTED] 25X1X7 [REDACTED] It has learned how to do a large part of its job and has a clear idea of those things that still need to be accomplished.

^{1/} For example, see "P-113 "Review of the Soviet Bloc Copper Position", and project 34.290, "Essentiality of Metalworking Machinery to the Soviet Bloc".

25X1B4d

Next 10 Page(s) In Document Exempt

S-E-C-R-E-T

Chapter IV

Economic Defense Support

S-E-C-R-E-T

S-E-C-R-E-T

ECONOMIC DEFENSE SUPPORT

Background

Intelligence support to the policy-making and action agencies in the economic defense field was undertaken by the CIA in the spring of 1948 with the assignment of the responsibility to the Economic Division of ORS. This responsibility was transferred to the Economic Analysis Division of ORS when ORS was abolished in November 1950. When the Economic Analysis Division was split into an Analysis Division and an Economic Defense Division on 1 June 1952, economic defense intelligence support became the responsibility of the latter.

The economic defense program of the US Government has been based upon a number of NSC policy directives^{1/} and Congressional enactments,^{2/} the implementation of which required intelligence support, particularly about Soviet bloc economic capabilities and Soviet bloc needs for imports from the rest of the world. The need for intelligence was expressed in specific requests to CIA and in NSC policy directives 104/2 and 152/3.

-
- 1/ Principal NSC directives: NSC decision of 17 Dec. 1947 to stop shipments of short supply or strategic commodities to the Soviet bloc; NSC 91/1; NSC 104/2; NSC 122/1; NSC 152/2 and 3.
 - 2/ Basic legislation: Trading with the Enemy Act, 2 July 1940; Section 117(d) of the Economic Cooperation Act of 1948; Export Control Act of 1949 (Public Law 11, 81st Congress); "Cannon Amendment", Supplemental Appropriation Act of 1951, Sec. 1304 (Public Law 843, 81st Congress); "Kear Amendment", Third Supplemental Appropriation Act of 1951, Sec. 1302 (Public Law 45, 82nd Congress); Mutual Defense Assistance Control Act of 1951 (Public Law 213, 82nd Congress).

S-E-C-R-E-T

S-E-C-R-E-T

Intelligence support for the program was recognized by the Agency as a part of its responsibility for production and coordination of economic intelligence on the Soviet bloc.

The Assistant Secretary of Commerce for International Affairs in the spring of 1948, asked for CIA assistance in the drafting of a list of strategic commodities for control of exports to the Soviet bloc. Industry and commodity specialists in ORE, working with specialists in other Government agencies and departments, compiled a list of commodities which were generally agreed to be important to the Soviet bloc for development of its war-making capabilities.

With the enactment of the Export Control Act of 1949 (July, 1949) the Secretary of Commerce requested participation of CIA in the Advisory Committee on Export Policy (ACEP) and its operating committee and sub-committees. A staff member of the Economics Division in ORE was named to represent the Agency. Intelligence support for this participation was drawn from industry, commodity and scientific intelligence specialists in various components of the Agency. By 1 June 1950 the US export control program was well advanced.

Principal Support Activities

The principal economic defense intelligence support activities may be summarized under two general headings:

- 2 -

S-E-C-R-E-T

S-E-C-R-E-T

(1) providing the intelligence basis for the strategic ratings of items considered for inclusion on the export control lists^{1/} and for revisions of these lists;

(2) providing intelligence to the action agencies for the enforcement of controls.

In connection with these support activities a number of other functions are performed by the Economic Defense Division of ORR.

(1) Direct participation in interagency economic defense committees and working groups.

(2) On-the-spot support to US delegations conducting negotiations abroad on economic defense matters.

(3) Active participation in the preparation of collection requirements for economic defense intelligence.

(4) Servicing of requests from various parts of CIA for information about the economic defense program.

(5) Review for the DCI and the RU/I of economic defense papers presented to the NSC Planning Board and the NSC.

The Intelligence Working Group and the Diversion Control Net (both discussed in later sections) were set up for the interagency review and production of intelligence for economic defense and for bringing representatives of the intelligence agencies and action agencies into closer working relationships.

Intelligence for the Export Control Lists

Exports of strategic goods from the Free World to the Soviet bloc are controlled through a program of embargo on selected items,

^{1/} US export control lists; International (CoCom) lists; China Control list; Battle Act lists.

S-E-C-R-E-T

quantitative restrictions, and surveillance over other items not subject to embargo or quota. In the development and subsequent revisions of security export control lists,^{1/} the action agencies urgently need intelligence on the Soviet bloc with respect to the particular items under consideration.

With the formation of ORR (October 1950), the Economic Analysis Division was designated to provide intelligence support to the action agencies responsible for strategic export controls. Division personnel represented CIA in all interagency committees and working groups which were responsible for the development and revision of the export control lists.

When an interagency advisory committee was set up under provisions of the Mutual Defense Assistance Control Act of 1951, the Director for Mutual Security requested CIA participation. The AD/RE was designated as the CIA representative on this committee—the Economic Defense Advisory Committee (EDAC). Following the formation within ORR of the Coordination Area and the Economic Defense Division (June 1952), the Chief for Coordination became the CIA representative on the EDAC Executive Committee. Chief, D/E was named as alternate on both EDAC and its Executive Committee. Other D/E personnel were appointed to

^{1/} As finally developed the international control structure consisted of two distinguishable patterns of control applicable through COCOM against the European Soviet bloc and through CHINCOM against Communist China. The COCOM controls consisted of three separate lists corresponding to the above-mentioned control categories (embargo, quantitative control and surveillance) and the CHINCOM controls included an embargo of all the items in the COCOM lists plus an extended list of supplementary items.

- 4 -

S-E-C-R-E-T

S-E-C-R-E-T

serve on working groups and subcommittees. The technical task groups initially set up under ACEP were reconstituted to serve both advisory committee structures. Subsequently a joint committee at the operating level was established to make recommendations to both the ACEP and the EDAC.^{1/}

Intelligence was made available by ORR directly at meetings of the interagency committees or by the submission of brief intelligence papers and detailed research reports on important commodities or related groups of commodities and by participation of D/E analysts at the task group level. It was anticipated that a small staff in D/E,^{2/} by drawing upon the resources of CIA, particularly those of the economic research divisions of ORR, could provide the intelligence required by the agencies responsible for the security export controls. Conflicts between requests from this staff and the scheduled projects of the economic research divisions presented continuing difficulties in the furnishing of timely commodity intelligence in support of the economic defense program. In June 1954, full responsibility for the production of this commodity intelligence was assigned to the divisions of the Economic Area to improve the allocation of effort between long range research and economic defense support and to improve the effectiveness of economic defense intelligence. However, D/E will continue to be responsible for seeing that the

^{1/} See Annex 1.

^{2/} The number of analysts assigned to this work was increased from four to six with the formation of D/E in June 1952.

S-E-C-R-E-T

S-E-C-R-E-T

requirements of the action agencies for commodity intelligence are met by ORR.

Pursuant to NSC 152/3, a systematic interagency review of the US Master Export Security list in terms of new and more restricted criteria was begun in early January 1954. The [] proposal to the US for the immediate adoption of a short control list precipitated an accelerated item-by-item review of all commodities on the International List, first for discussions in trilateral sessions (US, UK and France) and subsequently in COCOM. This program involved intensive support activity by ORR, including:

25X1X1

- (1) preparation of intelligence on a wide range of strategic items;
- (2) virtually daily attendance at meetings of the Joint Operating Committee and its informal working groups, and
- (3) participation in the discussions in London and Paris where nine CIA specialists from ORR and OSI at the request of the economic defense agencies served as intelligence advisers to the US negotiating teams.

Enforcement Intelligence Support

Enforcement of export controls has been a continuing concern of the US Government, and intelligence support has been a basic requirement for this effort. Intelligence about foreign buyers was needed to establish their status as legitimate end-users. CIA furnished some intelligence in unevaluated form and ORR provided evaluated intelligence on a limited basis. A file of individuals and firms engaging in

- 6 -

S-E-C-R-E-T

S-E-C-R-E-T

or suspected or engaging in diverting controlled strategic items to the bloc was then developed.

Following the enactment of the Zettie Act and the growing pressure in Western Europe for foreign markets, the need for improving the collection and processing of current intelligence on strategic trade transactions became increasingly evident.

The organization of a staff to carry out this program was initiated within D/E during the second quarter of 1953, in response to a request of MAC on the basis of a staff study by the MAC Intelligence Working Group (IWG). The Current Reference Service within D/E includes the operation of a central master file of all available strategic trade intelligence material designed primarily to facilitate detection and analysis of procurement efforts, transactions and trade movements which constitute evasions of strategic controls.

Transactions analysis includes the screening, analysis, evaluation and clearance of intelligence on transactions, shipments and Soviet bloc procurement efforts involving strategic commodities. This operation, supported by the Current Reference Service, is the basis for D/E representation on the Diversion Control Net (DCN), consisting of representatives of the Departments of State, Defense, Commerce, Treasury, the FGA (MAC) and CIA. The DCN, which began operations in January 1954, was established by the Economic Defense Advisory Committee to coordinate intelligence support with action-agency efforts to prevent the diversion of strategic materials to the Soviet bloc. A continuous, direct substantive liaison is also maintained by D/E with each of the action

- 7 -

S-E-C-R-E-T

S-E-C-R-E-T

agencies in the economic defense field and with other elements of CIA concerned with East-West trade intelligence.

The strategic trade intelligence program was operated during the second half of 1953 with a skeleton staff, but by mid-1954, the classified file and the procedure necessary for its efficient operation had been brought to substantial maturity as the most complete source of timely strategic trade intelligence available to US officials. The level of operations is indicated by the scanning of over 2500 documents and carding of 500-600 documents monthly during the second quarter of 1954.

The recent assumption of the responsibility for rendering intelligence support to the EEAC Administrative Action Panel, in response to repeated requests during the past year, will be only partially effective because of a lack of staff for this activity.

In the transactions analysis operation, procedures have been developed for the timely collation, analysis and clearance of intelligence on strategic trade transactions and for presentation of the results to action agencies by means of direct flash reporting and by participation in weekly meetings of the Diversion Control Net. Screening of incoming current intelligence materials by transactions analysts has resulted in the selection for preliminary investigation of 200-300 reports of suspect activities per month in 1954 and further selection of approximately 60 cases per month deemed to warrant the attention of the Diversion Control Net and Foreign Service posts or to require further surveillance, research or initiation of supplementary collection. Compilations of diversion case materials and reports on the magnitude of clandestine

- 8 -

S-E-C-R-E-T

S-E-C-R-E-T

trade in selected commodities have been prepared in response to requests by action agencies.

With the limited staff available during the past year, it has not been possible to respond adequately to repeated requests from action agencies for analyses in depth, nor is it believed that existing facilities are sufficient to fully satisfy the intelligence needs of the expanded enforcement program. However, routine requests not requiring analysis in depth and a limited number of high priority requests calling for a complete detailed analysis can be satisfied with the present staff.

Shipping Controls Support

Controls over the sale and charter of ships to the Soviet Bloc and over ship repairs and bunkering were regarded by the economic defense agencies as being necessary measures in an effective economic defense program and in making more effective the controls on exports to Communist China.

ONI was producing intelligence on ship movements, to some degree on cargoes, and on shipbuilding facilities. CIA, State and Commerce were also doing some work in this field for departmental use. From the standpoint of the intelligence agencies, coordination of intelligence in this field for support of the action agencies was highly desirable. To assist in this effort, a Transport Controls Desk was activated in D/E in August 1951.

Drawing upon and working closely with the economics divisions of ONR and with ONI, intelligence of the nature outlined above was

- 9 -

S-E-C-R-E-T

S-E-C-R-E-T

prepared by I/E for use of the interagency committees in the development of shipping controls and for use in negotiations in COCOM for the institution of international controls.

The major role of this I/E support activity has been that of coordination of the intelligence relevant to shipping control problems and pointing up such intelligence for the needs of the action agencies. This role has led to close working arrangements with the action agencies. On three occasions, at the specific request of action agencies, a senior intelligence specialist in this field has been made available as a consultant to the US Delegation at COCOM in Paris.

Financial Controls Intelligence Support

Until about 1953 the need for intelligence on the financing of transactions in violation of the export controls has not been considered generally as urgent as intelligence on other aspects of the economic defense program. Nevertheless, an effort has been made to keep the financing of East-West trade diversions under surveillance and some intelligence of this nature has been produced for particular needs. The financial aspect of diversions is an integral part of the intelligence picture on strategic trade. A special study of the financing of East-West trade diversions was undertaken in 1954. Basic research on the Soviet bloc gold and foreign exchange situation, undertaken in ORR and the Economic Intelligence Committee, will contribute considerable background for dealing with problems of concern to the economic defense community.

- 10 -

S-E-C-R-E-T

S-E-C-R-E-TProduction of Coordinated Intelligence

The Intelligence Working Group was established in July 1952 at the request of the Director of Mutual Security and the Secretary of State, with the approval of the Director of Central Intelligence and the Secretary of Defense. Its Terms of Reference were approved by the IAC.^{1/} The fundamental purpose of the IWG was to provide at the working level an interagency mechanism for (a) drawing directly upon the resources of all components of the intelligence community in the production and coordination of intelligence in direct support of the EMAC, and (b) maintaining a close working relationship between representatives of the intelligence and action agencies. D/E has provided the Chairman and the Secretariat, including the Executive Secretary.

The IWG has served as a focal point for the production, review and coordination of intelligence in direct support of the Economic Defense Advisory Committee and other economic defense agencies. Since its inception, the IWG has given consideration to 75 problems formally placed before it by member agencies. Thirty-six studies covering financial, commodity and shipping problems in the economic defense fields have been completed under IWG auspices. In addition, 40 information documents of current significance, primarily concerning movement of specified vessels and/or diversions of strategic commodities to Soviet destinations, have been issued.

^{1/} IAC-R-53/1, 25 July 1952, as amended.

S-E-C-R-E-T

S-E-C-R-E-T

Under its assigned mission to assist in improving the collection and utilization of intelligence the INO recommended the establishment in CIA of a unit to process current economic defense intelligence and to collate such intelligence for use of operating agencies. This recommendation was subsequently implemented by CIA within the Strategic Trade Branch of I/E. The INO also developed recommended instructions to the field for the lateral distribution of current intelligence on suspected diversion of controlled commodities to the Soviet bloc. Fourteen subgroups have been established to provide INO and EIDAC with specialized research and technical intelligence advice in specific fields of economic defense. An exhaustive examination was made of the need for intelligence in the US Government on external financial operations of the Soviet bloc.

INO efforts to establish a comprehensive pattern of US Government requirements for the covert collection of economic defense information have not yet been successful. This problem has become urgent in terms of the needs of the enforcement program for adequate and timely intelligence on diversions of strategic commodities to the Soviet bloc.

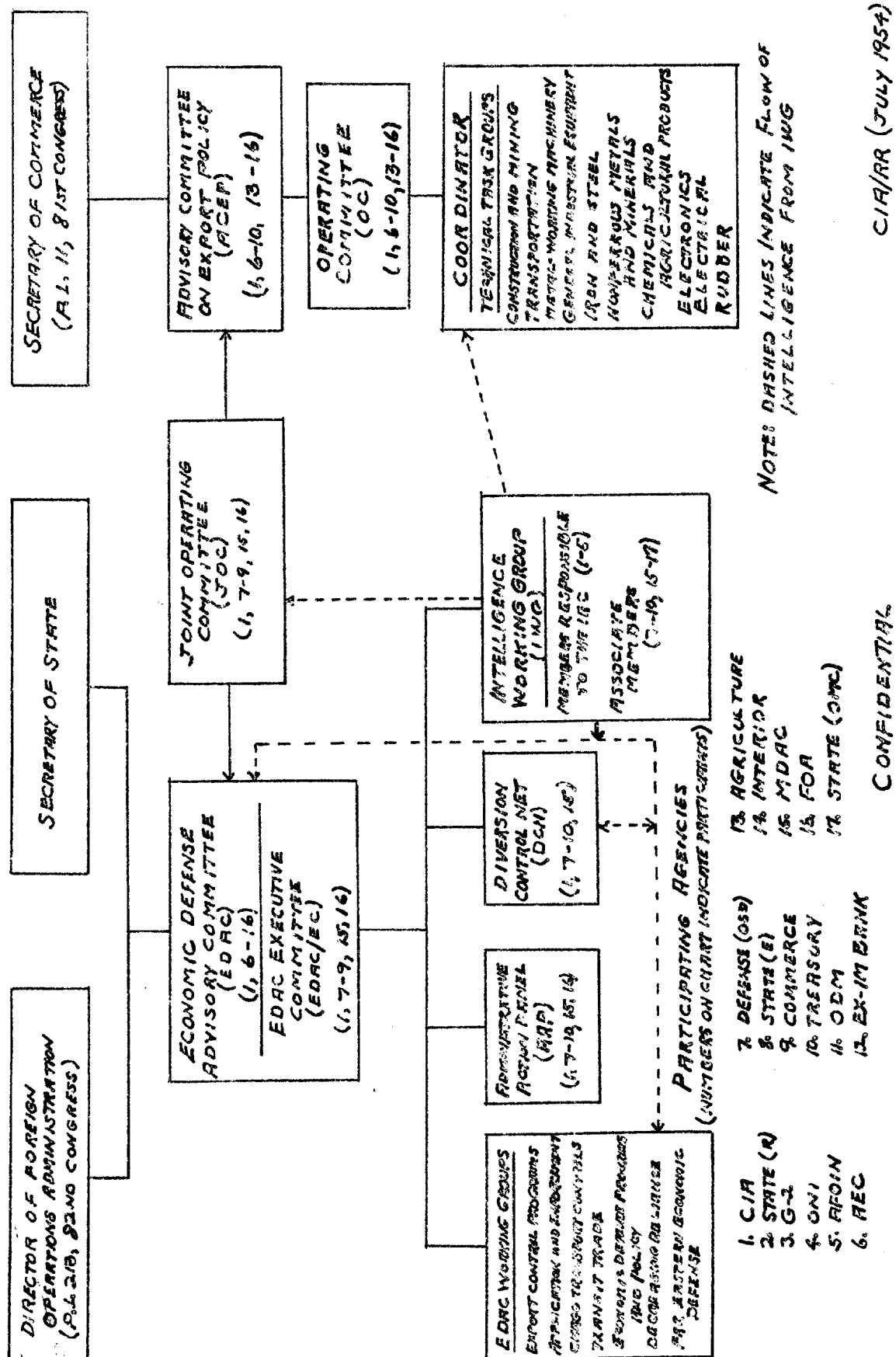
- 12 -

S-E-C-R-E-T

ANNEXES

CONFIDENTIAL

INTELLIGENCE SUPPORT FOR ECONOMIC DEFENSE



CONFIDENTIAL

~~S-E-C-R-E-T~~

30 July 1954

ECONOMIC DEFENSE DIVISION*

Support Project Production, by Requester, 1 January 1951 through 30 June 1954

	<u>1951</u>		<u>1952</u>		<u>1953</u>		<u>1954</u>	<u>Total</u>
	<u>Jan-Jun</u>	<u>Jul-Dec</u>	<u>Jan-Jun</u>	<u>Jul-Dec</u>	<u>Jan-Jun</u>	<u>Jul-Dec</u>	<u>Jan-Jun</u>	
<u>Internal CIA</u>								
ONE	-	-	1	-	-	-	-	1
OSI	-	-	-	-	-	-	1	1
DDP	-	-	3	2	6	-	2	13
Total	-	-	4	2	6	-	3	15
<u>External CIA</u>								
Dept. of								
Defense	-	-	-	-	1	2	-	3
State	-	-	1	1	2	2	2	8
ECA/MSA/FOA	-	-	1	-	1	1	3	6
ODM	-	-	2	-	3	-	-	5
Commerce	-	-	1	56	12	9	2	80
WG	-	-	-	6	7	11	1	25
ADAC	-	-	-	2	2	5	4	13
Others (one each)	-	-	1	-	-	-	1	2
Total	-	-	6	65	28	30	13	142
Grand Total	-0-	-0-	10	67	34	30	16	157

* This Division was not in existence prior to 1952.

~~S-E-C-R-E-T~~

~~S-E-C-R-E-T~~

Chapter V

The Economic Intelligence Committee

~~S-E-C-R-E-T~~

S-E-C-R-E-T

THE ECONOMIC INTELLIGENCE COMMITTEE

I. Origin

By early 1950 the progress of U.S. planning for resource mobilization and national security had made evident a need for more-effective and better-coordinated foreign economic intelligence. ^{1/} Accordingly, the National Security Council directed the Central Intelligence Agency, in collaboration with the various other Government agencies concerned, to organize and conduct a full-dress study of the status of U.S. foreign economic intelligence, from the point of view of (a) requirements for national security, (b) existing facilities and arrangements, and (c) an evaluation of the current status, with recommendations for improvement by means of "a coordinated interagency effort . . . based on a definite allocation of responsibilities among the agencies concerned." ^{2/}

In May 1951 the Director of Central Intelligence reported to the National Security Council that, although foreign economic data were being regularly collected and analyzed by some 24 U.S. agencies, no adequate machinery existed for the mobilization of the available data and analytic competence around priority security problems. Furthermore, there were important gaps in collective U.S. knowledge,

-
- ^{1/} Memorandum of 2 February 1950 from Dr. John R. Steelman to the Executive Secretary, National Security Council.
^{2/} NSC Action 282, Memorandum of 3 March 1950 for the Director of Central Intelligence from the Executive Secretary, NSC.

S-E-C-R-E-T

S-E-C-R-E-T

reflecting lack of any regular procedures for identifying and filling -
on a priority basis - deficiencies in analytical research or in col-
lection of basic data. Two major needs were emphasized by the DCI:

1. establishment of a mechanism by which the full economic knowledge and technical talent available in the U.S. Government could be brought to bear on specific issues involving the national security, and
2. identification (on a continuing basis) of important gaps in the collective economic knowledge of the government, together with allocation of responsibility for filling such gaps. 1/

Moreover, the report emphasized that the most critical studies needed related to the Soviet Bloc and problems of the relative strength of the non-Soviet world in the struggle against the Bloc.

The recommendations to the NSC were accompanied by two draft documents.

1. In NSCID 15 (approved by the NSC 22 June 1951), broad responsibilities for the continuous review and coordination of foreign economic intelligence were assigned to the Central Intelligence Agency.
2. In IAC-D-22/1 (Revised, and approved by the IAC 29 May 1951) the Economic Intelligence Committee was established under the IAC, as the principal means for implementing these CIA responsibilities.

Specifically, the EIC was authorized and directed to:

1. Arrange for the mobilization of available data and research in support of the operating problems of individual agencies dealing with economic security; and arrange concerted economic intelligence support for studies on selected major issues of interagency interest. 2/

1/ Memorandum in reply to NSC 282 from the Director of Central Intelligence for the Executive Secretary, NSC, May 1951.

2/ IAC-D-22/1, Revised, 29 May 1951, paragraphs 3 a, b, and h.

S-E-C-R-E-T

S-E-C-R-E-T

2. Examine continuing U.S. programs of foreign economic intelligence research relating to the national security, recommending responsibilities for specific fields of inquiry; and periodically evaluate the pertinence, extent and quality of the data and analyses available, in order to recommend action priorities for filling specific critical gaps. 1/
3. Continuously review the foreign economic intelligence activities of the U.S. Government, and undertake special reviews of existing procedures for processing and distributing economic intelligence, in order to make appropriate recommendations for improvements. 2/
4. Set up such subcommittees and working parties as were judged necessary. 3/

The first meeting of the EIC was held on 16 July 1951, with the Assistant Director for Research and Reports, CIA, as chairman.

II. Fiscal Year 1951/52 (see Annex 1)

Major Studies

From its inception EIC was called upon to produce coordinated studies bearing on foreign economic problems of national security importance. The priority research effort resulting from these requests has been generally consistent with the recommendations of the DCI to the NSC, cited above.

During this first year three coordinated research studies were requested by the Office of National Estimates (ONE), and EIC material was used in four published National Estimates. Two other

1/ Ibid., paragraphs 3 c, d, and e.
2/ Ibid., paragraphs 3 f and g.
3/ Ibid., paragraph 4.

S-E-C-R-E-T

S-E-C-R-E-T

studies were initiated by IAC, in addition to which IAC designated the EIC to represent the U.S. in preparing two joint US/UK intelligence estimates. Other major studies launched during the year included three requested by individual U.S. agencies (State, Air Force, and the Bureau of the Budget), while one was initiated by the EIC itself.

Review of Research Program and Identification of Critical Gaps

A major continuing emphasis of the EIC and its subcommittees has been the systematic surveying of the state of U.S. knowledge about the Soviet Bloc economy and capabilities, as a means of identifying major gaps in such knowledge, and arranging for remedial action.

The first EIC survey was at the request of the Office of National Estimates, to determine the extent of the research effort throughout the U.S. Government on the economy of Communist China. Serious intelligence deficiencies were revealed by this review, the conclusions of which were incorporated by ONE in a special report to the IAC. This was largely responsible for an expansion of economic research on this area by the Office of Research and Reports of CIA.

During this period a systematic effort was initiated to survey the government-wide program of economic analysis on the Soviet Bloc and the priority intelligence "gaps" on this area.

Review of Foreign Activities and Procedures for Processing and Distribution

A special subcommittee was established to cover Requirements and Facilities for Collation - representing the first continuing body

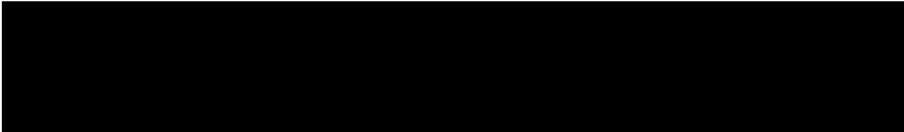
-4-

S-E-C-R-E-T

S-E-C-R-E-T

in which interagency collection representatives had come together since dissolution of the old CIG Committee on Collection in 1947. It quickly organized a number of joint activities to assist in improvement of collection efforts - in particular those through overt sources.

These included:

- a. systematic guidance for economic-intelligence reporting through the Foreign Service from Free World countries (the Comprehensive Economic Reporting Program - CERP);
- b. assistance to the Peripheral Reporting Program of the State Department, covering areas adjacent to the Soviet Bloc;
- c. 
- d. initiation of arrangements to improve the availability and usability of foreign-language documents to analysts engaged in economic intelligence research.

25X1X4

In addition, this subcommittee began to give regular advice and assistance to member agencies in the development of central depositories and indexes of documentary economic-intelligence material - including arrangements for the extraction of information from the files of U.S. Government operational programs throughout the world.

Organization and Procedures

The EIC necessarily devoted much of its effort during the first year to organizational problems, to clarifying the responsibilities of various members and associate members, to developing procedures, and to laying out the pattern for future development.

-5-

S-E-C-R-E-T

S-E-C-R-E-T

Eight subcommittees were established - one the service group for Requirements and Facilities for Collation (see above), and seven representing functional areas of substantive economic research. In addition, five EIC working groups were created to deal with specific problems. New groups were not set up for problems adequately covered by existing interagency arrangements. For example, the proposal to establish a subcommittee on the Economic Analysis of Markings was tabled, in view of arrangements already made through the Joint Materials Intelligence Agency (JMIA). A central EIC Secretariat was provided by CIA, which also arranged secretariat services for each subcommittee and working group.

It proved difficult to secure appointment of qualified professional economists or technicians as representatives of some agencies on particular subcommittees. This has continued to be a handicap right up to the present - although in a number of cases the quality of individual representatives has been improved as a result of interagency representations.

III. Fiscal Year 1952/53 (see Annex 2)

Major Studies

Eight coordinated studies were completed, under requests from ONE or IAC, covering such problems as (a) Soviet capabilities for electro-magnetic warfare 1/, (b) economic intelligence on Indochina and Burma, (c) Communist China's trade and shipping, and (d) capacities of the Trans-Siberian and connecting lines 2/. Four of these studies were directly coordinated [REDACTED] 25X1X7

1/ see EIC-R-12 (WP)
2/ see EIC-R-9

S-E-C-R-E-T

S-E-C-R-E-T

Three studies for individual U.S. agencies were completed, and three others initiated. Four new studies were undertaken by the EIC on its own initiative - concerned particularly with analysis of Soviet international trade, and of the Soviet balance of payments position.

Review of Research Programs and Identification of Critical Gaps

A major portion of the time of subcommittees and of the EIC Secretariat was spent on surveys of the state of economic intelligence; and some 14 of these were completed during the second year. The EIC Secretariat published three listings of economic intelligence research projects on the Soviet Bloc, covering the internal programs of all U.S. Government agencies, and three surveys tabulating the number of professional personnel throughout the government engaged in various types of economic intelligence research, for Bloc and non-Bloc areas. 1/ Attention was devoted to critical deficiencies of research, and five surveys analyzed the general state of intelligence in particular subcommittee fields.

Review of Foreign Activities and Procedures for Processing and Distribution

The requirements of IAC agencies for economic reporting from Foreign Service posts in the Free World were coordinated by the preparation of individual instructions (CERFS) for 111 of these posts.

An Outline of Peripheral Economic Requirements which might be collectible through Peripheral Reporting posts was prepared - covering the economic intelligence needs of all IAC agencies for information on the USSR and Satellites.

1/ see EIC-S-10

-7-

S-E-C-R-E-T

S-E-C-R-E-T

25X1X4

A Guide to Economic Reporting was prepared to assist economic reporting officers in Moscow, and a program of continuing economic guidance for economic-reporting officers behind the Iron Curtain was first introduced in Bucharest.

Several special reports were prepared on the facilities for collating intelligence data. The report on handling of foreign language materials was completed and led directly to the issuance of NSCID 16 on this subject.

Organizational Development

Two new subcommittees were established (Armaments, and Electronics & Telecommunications) and new working groups were set up to handle certain major projects initiated during this period.

IV. Fiscal Year 1953/54 (see Annex 3)

By its third year the EIC had met many of the more immediate needs for coordinated economic intelligence estimates on major problems, and was concentrating on identification of priority gaps in detailed intelligence knowledge, and on arrangements for remedial action.

1/ see Travel Folder Brief

S-E-C-R-E-T

S-E-C-R-E-TMajor Studies

Coordinated studies were completed or in progress during the year for ONE, IAC, the Operations Coordinating Board, the Weapons Systems Evaluations Group (Department of Defense), and the Department of State covering such problems as: (a) Soviet Bloc economic capabilities for general war; (b) Soviet Bloc transportation capabilities for Military Campaigns in the West; (c) Consequences of a curtailment of foreign economic assistance to Yugoslavia, and (d) Communist China's transportation capabilities. In addition the US-UK intelligence study of Communist China's trade and the shipping involved in that trade was revised at the request of the IAC to cover developments in 1953. 1/

Review of Research Programs and Identification of Critical Gaps

During the year the EIC Secretariat systematized its periodic publication of inclusive listings of internal and external governmental research covering all fields of foreign economic intelligence on the Soviet Bloc. 2/ Special arrangements were made for including research undertaken [REDACTED] 25X1X7

25X1X7

[REDACTED] These comprehensive listings have been a major aid to more efficient programming of research by the separate agencies - helping to minimize duplication of efforts and providing valuable reference bibliographies.

By the beginning of the year each of the older subcommittees had completed its preliminary survey of the state of economic intelligence in its field of responsibility; and eight had submitted summary reports.

1/ see EIC-RI-53

2/ see EIC-S-13 and EIC-S-15

S-E-C-R-E-T

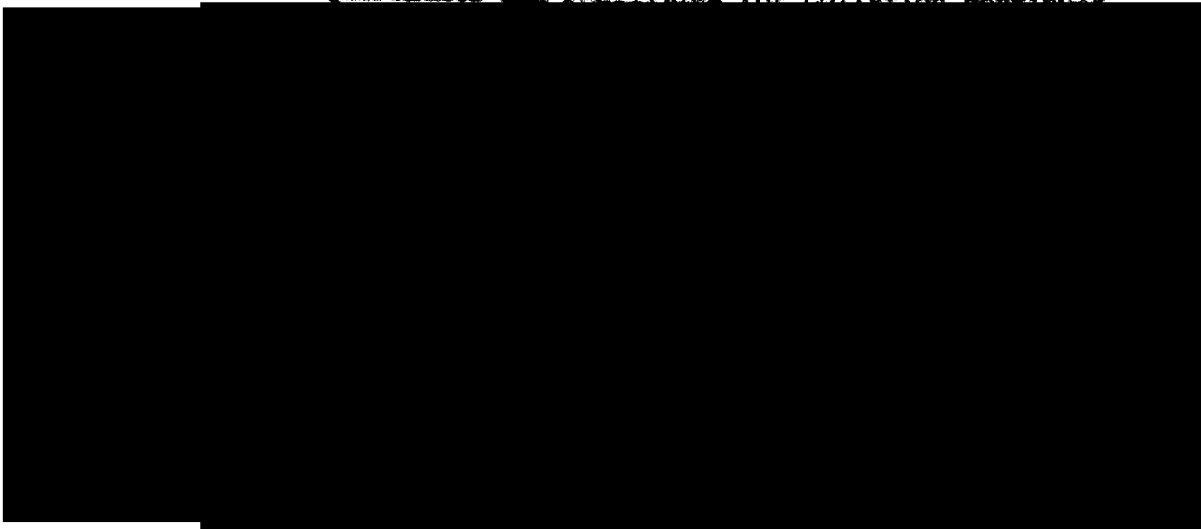
S-E-C-R-E-T

By the end of the year most of the subcommittees had submitted their surveys of research deficiencies.

Six of these research deficiency surveys have been reviewed by the EIC - analyzed as to the respective responsibilities and capabilities of the various agencies - and approved with acceptance of action responsibilities by specific agencies. 1/ Surveys of collection gaps were submitted and procedures are being developed for translating these priority collection gaps into a coordinated requirements levy that will actually produce more "pay dirt."

Review of Foreign Activities and Procedures for Processing and Distribution

The community services and programs provided by the EIC
Subcommittee on Requirements and Facilities for Collection continued



Organizational Development

Three new subcommittees were established. This brings the total number of permanent subcommittees to thirteen (see Annex 4), and two new "ad hoc" working groups were established (a) to provide agreed

1/ see EIC-S-1 series

S-E-C-R-E-T

S-E-C-R-E-T

statistical estimates on the Soviet economy for EIC-11-4-54, and

(b) to examine various available estimates of Soviet gold production.

The standing U.S. working party on Communist China's Trade and Shipping

25X1X7
joined again [REDACTED] in preparing the
annual US [REDACTED] revision of this study.

The relationships established by this working group and subcommittee structure are proving increasingly effective in coordinating a great number of separate economic-intelligence-research components scattered among the different agencies into ever more-closely-knit and better-informed professional groups.

V. Problems Ahead

Several major problems will require the special attention of the EIC in coming months.

The many detailed surveys of the current status of economic intelligence completed by the EIC in recent months have laid the basis for a full evaluation of the U.S. economic intelligence program as a whole. The total allocation of the effort and resources of the economic intelligence community (as revealed by these surveys) should now be analyzed from the point of view of present emphases as compared to over-all intelligence needs of the U.S. Government.

Without pre-judging the results of such an over-all "evaluation" as proposed above, it seems clear that the Economic Intelligence Committee should give increasing attention to the economic developments in principal countries of the Free World which might

-11-

S-E-C-R-E-T

S-E-C-R-E-T

influence alignments of particular regional or national economies towards the Soviet Bloc to the detriment of our national security.

One of the most important single problems facing the EIC is to find means for effectively supporting the economic intelligence components of the member agencies - in order that these will individually be in a better position to discharge their responsibilities to the intelligence community. When the EIC (often with IAC approval) agrees on the priority need for particular economic-intelligence studies, and on the agencies which should be responsible for making detailed contributions thereto, the results must not be weakened by inability of the contributing components to provide competent staff and required data which should be available through their channels.

-12-

S-E-C-R-E-T

S-E-C-R-E-T

Chapter VI

The Geographic Research Area

S-E-C-R-E-T

SECRET

Via AIR MAIL, 1220 0000

THE GEOGRAPHIC RESEARCH AREA

Several of the activities constituting the basis for the Geographic Research Area in ORR were born of wartime necessity. The cartographic function had its beginning in the Office of Strategic Services in 1941 and the map library function began shortly thereafter in the same organization. The map intelligence and geographic research activity did not begin until 1944, first as an outgrowth of the map library function and then as a separate entity. The greatest development in the geographic research and map intelligence activity took place after 1947, when specific programs and responsibilities in CIA determined its course.

All these functions, as parts of the Map Division of OSS, joined in 1945 with similar functions of the Division of Geography and Cartography, Department of State, and in their amalgamated form became the Geography Division of the Department of State, from that date until December 1947, when the organization was transferred into CIA. This newly acquired Division was assigned within CIA to ORR (and still remains part of the Office which developed out of ORR). The changes following the Dulles-Jackson-Correa report which, in part, resulted in the dissolution of ORR and the creation of a new Office, ORR, did not affect the structure of the Geography Division. It was not until June 1952, at which time the Office was reorganized into three component areas, that the course of events

SECRET

~~SECRET~~

CONFIDENTIAL

CIA needs for production of maps and provides some visual aid (graphic) support, as well as providing cartographic support to the Department of State and the HISS program. The geographic intelligence research, in the Geography Division, has developed in the following directions: greater support of detailed operational requirements of the DD/P Area; meeting escape-and-evasion-geography needs of the Air Force, Navy, and Army; analyzing Soviet geodetic and mapping capabilities; and achieving greater ability to coordinate U. S. geographic intelligence efforts. The newest Division, the Photo Intelligence Division, has plunged into the problems of achieving more effective utilization in CIA of photo intelligence and of developing procedures and systems for more effectively coordinating photo intelligence activities of the intelligence community.

- 3 -

~~SECRET~~

I. CARTOGRAPHY DIVISION

In addition to the major change of status from a Branch to a Division in June 1952, other organizational changes have occurred within the Division since November 1950. The present Graphics Branch, D/GC, was transferred to the Division in May 1951 and has provided the Agency with visual aid support to the limit of its capability since that date. The Special Support Branch was established in the Division in September 1951 and assigned space and responsibilities in the Special Center. It has functioned in this capacity to date.

As a result of many years of professional growth in the Division, a regional concept and approach in the compilation of maps was adopted in the fall of 1952. Concurrent with this was an official recognition of the part geography played in the production of maps. As a result, standards were established which recognized the employment of professionally trained geographers as cartographers in the Division. A formal training program for all new personnel was established whereby eight weeks of concentrated training in the techniques and procedures employed by the Division aids the professional growth of new personnel. This training program has shown remarkable results and has been in operation since fall 1950. It was the outgrowth, however, of many years of experience prior to that date.

Personnel in the Cartography Division have represented the Agency's interest in this field at several international mapping conferences and have on one occasion assisted in the coordination of the MIS program at a Far East installation. The Chief of the Division represents the Agency on the Board of Geographic Names.

The Cartography Division provides the Agency with cartographic support and to a degree with visual aid (graphic) support. The type of map produced by the Division is usually of medium to small-scale, tailor-made to support intelligence production and operational planning, and is of a non-topographic nature. Maps, cartograms, charts, visual aids and graphic items of numerous types are produced by the Division in support of all components of the Agency. 1/ A series of base maps for the MIS program are currently being compiled and constructed and will be used by all contributors to the program. In addition, numerous substantive maps are prepared for the MIS program, many of which relate to Department of State MIS responsibility. The Division also provides considerable support to the programs of the Office of Intelligence Research, Department of State.

1/ 12765, Moscow; 13254, China: The Yangtze Basin Area, Transportation and Industrial Targets; 10654, The Near East; GR-1505, China: Selected Budget Items, 1950 through 1953; GR-1404, Comparison of U.S. and Estimated USSR Gross National Product, Manpower, and Distribution of Employment, 1951; 12537, Sisal Production and International Trade, Average 1948-50; 12935, India and Pakistan: International Administration; 11872, The Eastern Mediterranean Sea, 11982, The Aegean Sea (on one sheet); 13164, Iran; 12382, Middle East Petroleum Industry; 13403, Japan: Distribution of Dist Seats, 1954.

- 5 -

SECRET

Within the past two years projects for fulfilling the requirements for the DD/P Area have increased markedly. Many such maps for the DD/P Area are prepared for inclusion in Geographic Intelligence Reports. During the same two-year period the number of requests for support from the Economic Research Area of ORR has increased considerably. At the current rate of production the Division is producing approximately 1,800 separate items per year, of which 88 percent are for CIA and the remaining 12 percent are non-CIA, primarily for the Department of State. It is significant to note that in FY 1951 only 76.5 percent of the total production was in support of CIA. Another trend to be recognized is the fact that in FY 1951 only 10 components of CIA were supported while figures for FY 1954 showed that 20 separate units in CIA received support. (See Annex 1)

The Division had 39 persons on duty in FY 1951 and has a current on-duty strength of 54. During the past four years the Division has successfully supplied to all requesters those maps and graphics urgently required by them and has so broadened its base of support that at the present time cartographic and graphic support is being given to all offices in CIA requiring such service.

- 6 -

II. GEOGRAPHY DIVISION

The map intelligence activity which developed during the latter stages of the war was formally organized into the Map Intelligence Branch of the Geography Division and concentrated on supplying evaluated map analyses and interpretations to various governmental consumers. This competence, which was used in the preparation of JANIS Chapters on map evaluation, was later utilized in the National Intelligence Survey for preparing sections of Chapter IX, Map and Chart Appraisal, and to fully coordinate the activities of a number of map producing agencies in the preparation of materials for Chapter IX. 2/

The regional organization of the Division permitted intense concentration on the geographic character of regions as well as the map coverage and map intelligence concerned with those regions. The staff of the Division, being professionally qualified and trained geographers, soon developed a capability to engage in geographic intelligence research (See Annex 2) beyond the requirements placed upon it by the NIS program and other programs which had been carried over from State Department associations and early CIA efforts. The developing competence of the Geography Division was recognized first by OPC (now part of the DD/P Area) in mid 1951. OSI also made its first requests for geographic intelligence support at about the same time. Toward the end of 1951, the Division

2/ 1. Chapter IX, NIS, GERMANY; 2. Chapter I, NIS, Section 19, IRAN.

entered into a new type of work, evasion and escape geography, which has continued under varying forms to this day. One phase of this work is the Evasion Geography Program and to date 34 of the country studies have been produced. 3/ Early in 1952 still another type of evasion geography constituting a very detailed analysis of target areas, was requested by the Strategic Air Command. Five of these studies have been produced and there are enough on schedule to keep Division personnel busy (at the rate of four a year) through 1957. 4/ By mid-1952 another type of research was initiated, this time at the request of the area Divisions of the ID/P, who required geographical studies of border zones of the USSR, route and regional analyses, 25X1C10b

25X1C10b

25X1C10b

5/ Through 1952-53

25X1C10b

25X1C10b


percentage of effort, or slightly higher, has been maintained to the present time.


3/ 1. GR-55, Evasion Geography of Indochina. 2. IP-304, Evasion Geography of Albania.

4/ GR-43, Evasion Geography of Selected Areas in the Volga-Don Region.

5/ 1. GR-40, The Ukrainian SSR/Polish-Czech-Hungarian-Rumanian Border Area.
2. GR-13, Target Study of Manchuria.
3. G-11, Physical and Cultural Geography of West China.

A special staff in 1952 began to concentrate effort on the determination of Soviet capabilities in Cartography, Geodesy and Photogrammetry. The Division had already sponsored an external
25X1A5a1



the special staff has continued to assist and closely monitor this program. This external research contract has resulted in the publication of a number of very important basic intelligence reports. 6/ Also data resulting from it are currently being used in the preparation of a contribution to a National Intelligence Estimate on Soviet Guided Missile capabilities. 25X1A5a1 The  research work has exploited open Soviet literature and sources and will eventually result in the publication of approximately 15 major reports on various activities relative to Soviet mapping, geodetic and photogrammetric capabilities.

In 1954, the Division was asked by Navy to produce a different kind of evasion geography study, namely one which emphasized escape routes out of a given area. The U. S. Army has indicated that it would like to have its requirements met in the Evasion Geography program.

In contrast to the program of the Division in 1950, when its principal work consisted of the preparation and coordination of NIS Chapters IX, the publication of the Map Intelligence Review, the preparation of boundary studies and reports on mapping institutions, the present program is

6/ ER-5, Soviet Geodetic and Photogrammetric Instrumentation.

characterized by the continued production of MIS Chapters IX, the monthly publication of the Geographic Intelligence Review which grew out of the Map Intelligence Review, the preparation of ("B" and "C" Area) evasion geographies for the Air Force, the Navy and the Army, in addition to several other types of evasion studies for the DD/P Area, and detailed regional analyses on the Soviet Bloc. Since 1950, there has been a gradual increase in personnel from around 30 to a present on-duty strength of 49. Personnel, by additional regional study and through intensive language training, have increased their professional competence to better serve the needs of the Agency for geographic intelligence.

III. MAP LIBRARY DIVISION

The objective of the Map Library is to maintain an up-to-date library of foreign intelligence maps and related materials, and to coordinate map procurement activities for the mapping agencies of the U. S. Government. In 1952, the Map Library along with the other components of the Geographic Research Area achieved Division status and since that time additional responsibilities in the field of requirements and procurement have been assigned. Recently, entire responsibility for the Map Procurement program, including policy determination and professional direction has been transferred from the Office of Chief, Geographic Research, to the Map Library Division.

Every effort has been made by the Map Library to utilize the training facilities offered by the Agency to increase the competence of its professional and clerical personnel particularly in the field of languages in order that a more adequate library service job can be done. Overseas assignments, which are excellent for training, are strictly related to the Map Procurement Program and have been limited to four special missions which were conducted for administrative and briefing purposes.

A joint acquisitions list of maps, which records the weekly map receipts of U. S. Government agencies, has been published for a number of years by the Map Library. 7/

- 7/ 1. Acquisitions List for Maps of Foreign Areas (Confidential).
2. Acquisitions List for Maps of Foreign Areas (Secret).

The most significant inter-agency coordination conducted by the Map Library has been the development and maintenance of a joint map procurement effort. The cooperative procurement effort includes in addition to CIA, the Army Map Service, Aeronautical Chart and Information Center, Hydrographic Office, Coast and Geodetic Survey, Geological Survey, Library of Congress, and the Department of Interior. The Inter-Agency Map Procurement Coordination Committee, consisting of members from the above-mentioned organizations, recommends procurement programs, on the basis of agency need, to the Special Assistant for Maps, Department of State (formerly the Chief, Geographic Research, currently the Chief, Map Library Division). The Special Assistant for Maps implements these programs through the Geographic Attaches and Foreign Service posts of the Department of State. During the past seven years an average of some 50,000 map sheets per year have been acquired on behalf of the participating mapping agencies. 8/ Map Exchange arrangements are maintained with some 140 foreign official and commercial mapping agencies.

During the past four years map reference services available to CIA and the intelligence community have increased in number and in complexity of requests received and answered. For a summary of procurement, processing, and reference activities see Annex 3.

- 8/
1. Annual Report Inter-Agency Procurement 1952 With Previous 5-Year Summary.
 2. Annual Report Inter-Agency Procurement 1953.

~~SECRET~~

CIA INTERNAL USE ONLY

IV. PHOTO INTELLIGENCE DIVISION

Plans for establishing the Division were formulated in 1951-52 in response to an ever increasing need for photographic intelligence support within CIA which the military services could not provide. Recommendations for the establishment of a specialized Photo Intelligence Division to provide a particular type of support for economic, geographic, scientific and operational intelligence projects were recorded by CIA consultants and CIA officials. The Division became a functioning entity in FY 1953 and was organizationally assigned to the Chief, Geographic Research. The total strength of the Division is 13.

Even though the projects of the Division have been limited because of a small complement of personnel, the following achievements have indicated progress toward accomplishment of objectives. There has been significant development of photo intelligence operational channels and liaison within CIA. The intelligence support needs of the DD/I and DD/P components have been explored. Administrative and intelligence maintenance procedures have been established. Effective liaison with military establishments on materials pertaining to photo intelligence, operational requirements, reconnaissance planning, photographic cover and procurement have been developed. A wide range of training activities and briefings, directed toward widening the scope and raising the level of photo intelligence exploitation in support of CIA objectives, have been established.

- 13 -

~~SECRET~~

SECRET

A basic training course in Photo Intelligence, primarily for training economic analysts in the utilization of photographs as another intelligence source, was begun in FY 1953. One of the critical problems facing the Division is the maintenance of a balance between the tremendous demands of a high priority nature and the limited personnel. For a summary of photo intelligence projects accomplished, see Annex 4.

- 14 -

SECRET

S-E-C-R-E-T

Chapter VII

The NIS Program

S-E-C-R-E-T

CHAPTER VII

The NIS Program

NOTE: Extra copies of this Chapter are not available.

A copy is filed in the office of the Assistant Director.